

146 FERC ¶ 61,240  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 31, 2014

In Reply Refer To:  
Columbia Gulf Transmission, LLC  
Docket Nos. RP14-550-000  
RP13-665-000  
RP13-665-001

Columbia Gulf Transmission, LLC  
5151 San Felipe  
Suite 2500  
Houston, TX 77056

Attention: James R. Downs, Vice President  
Rates & Regulatory Affairs

Dear Mr. Downs:

1. On March 1, 2013, in Docket No. RP13-665-000, Columbia Gulf Transmission, LLC (Columbia Gulf) filed a revised tariff record in accordance with the Transportation Retainage Adjustment (TRA) provisions of its tariff to adjust its retainage percentages to take into account prospective changes in retainage requirements and unrecovered retainage quantities for 2012 (March 1, 2013 TRA filing). The Commission accepted and suspended the revised tariff record, to become effective April 1, 2013, subject to refund and conditions and further review.<sup>1</sup>

2. On February 28, 2014, in Docket No. RP14-550-000, Columbia Gulf filed a revised tariff record<sup>2</sup> in accordance with the TRA provisions of its tariff to adjust its retainage percentages to take into account prospective changes in retainage requirements and unrecovered retainage quantities for 2013 (February 28, 2014 TRA filing).

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<sup>1</sup> *Columbia Gulf Transmission, LLC*, 142 FERC ¶ 61,235 (2013) (2013 Order).

<sup>2</sup> *Columbia Gulf Transmission, LLC*, FERC NGA Gas Tariff, Columbia Gulf Tariffs, [Currently Effective Rates, Retainage Rates, 11.0.0](#).

3. As discussed below, the Commission removes the refund condition and lifts the suspension on the revised tariff record in the March 1, 2013 TRA filing and accepts and suspends the revised tariff record filed in the February 28, 2014 TRA filing, to become effective April 1, 2014, subject to refund and conditions and further review.

4. Columbia Gulf recovers its system's company-use gas (CUG) and lost and unaccounted for (LAUF) volumes by retaining in-kind a percentage of gas tendered by customers. Pursuant to General Terms and Conditions (GT&C) section 32, Columbia Gulf must file a TRA annually, on or before March 1, to be effective April 1 of that year. Columbia Gulf's fuel retainage percentages include two components. The first component, known as the current retainage percentage, recovers the zone's projected CUG and LAUF during the twelve-month period commencing with the effective date of Columbia Gulf's TRA filing. The second component, known as the unrecovered retainage surcharge or true-up component, reflects the reconciliation of the zone's actual CUG and LAUF quantities during the prior calendar year with quantities retained by Columbia Gulf during the same period. Columbia Gulf allocates its system fuel retainage between the Market Zone (mainline) and the Market Zone (onshore). As required by the Commission, the TRA filing includes an accounting, separate from Columbia Gulf's system TRA calculations, for volumes retained pursuant to a negotiated retainage rate under a negotiated rate agreement with CenterPoint Energy Gas Transmission Company (CenterPoint).<sup>3</sup>

5. On March 1, 2013, in Docket No. RP13-665-000, Columbia Gulf made its annual TRA Filing. Two parties filed protests and one party filed comments addressing, among other things, Columbia Gulf's level of LAUF.<sup>4</sup> On March 28, 2013, the Commission accepted and suspended the tariff records to be effective April 1, 2013, subject to refund, conditions and further review.<sup>5</sup> The Commission found that Columbia Gulf's method for calculating its 2012 TRA filing was generally consistent with the methodology set forth in GT&C section 32. However, the Commission stated that, as noted in the protests and comments, further explanation was needed concerning Columbia Gulf's increased LAUF volumes and Columbia Gulf's use of certain data in Appendix A to the TRA filing. Accordingly, the Commission directed Columbia Gulf to file a report with the Commission within 120 days of the order detailing the results of its investigation thus far and its plans for further investigation and or resolution of the issue. Columbia Gulf was also directed to file an explanation, within 20 days of the order, that responded to other

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<sup>3</sup> *Columbia Gulf Transmission Co.*, 133 FERC ¶ 61,097 (2010).

<sup>4</sup> One party stated that Columbia Gulf was reporting an unrecovered 2012 LAUF quantity of 1.1 million Dth or roughly four times the LAUF quantity that was projected. 2013 Order, 142 FERC ¶ 61,235 at P 5.

<sup>5</sup> 2013 Order, 142 FERC ¶ 61,235 at P 11.

issues raised by the protestors concerning “prior” and “surplus” volumes in its TRA filing.<sup>6</sup>

6. On April 17, 2013, in Docket No. RP13-665-001, Columbia Gulf filed its explanation of the prior and surplus volumes. Public notice of the compliance filing was issued on April 22, 2013 with comments due on April 29, 2013. No comments were filed.

7. On July 26, 2013, in Docket No. RP13-665-000, Columbia Gulf filed a report discussing the current findings of the investigation of the causes of increases in LAUF on its system in 2012 and the current and planned measures to reduce LAUF on its system. In its report, Columbia states that it undertook four broad areas of review: (1) volume review; (2) field inspections; (3) measurement, data, and accounting system verification; and (4) analysis of prior measurement adjustments. Columbia Gulf states that results thus far indicate that Columbia Gulf’s receipt, delivery and company use gas volumes underpinning the currently-effective LAUF retainage rates appropriately reflect actual operational performance. Columbia Gulf states that, moreover, no changes to measurement or other data affecting LAUF have resulted from the investigation. In addition, Columbia Gulf states that it plans to research into new hypothesized causes for LAUF and the efficacy of potential mitigation measures, including: (1) improving measurement accuracy where practical; (2) reducing prior period adjustments; and (3) establishing LAUF management capability. Columbia Gulf states that the LAUF team will establish performance targets aimed to reduce LAUF from historical levels, stabilize fluctuations in LAUF and allow Columbia Gulf to benchmark against industry standards. No comments were received in response to the public notice of Columbia Gulf’s report.

8. On February 28, 2014, in Docket No. RP14-550-000, Columbia Gulf filed a revised tariff record proposing to adjust its retainage percentages to take into account both prospective changes in retainage requirements for CUG and LAUF and unrecovered retainage quantities for the period of January 1, 2013 through December 31, 2013. Columbia Gulf states that, with respect to the current retainage percentage, the CUG and LAUF gas portions of the current component for each of the retainage factors are based on estimated retainage requirements for the 12-month period commencing April 1, 2014, based on projected throughput and adjusted for any known and measurable changes. Columbia Gulf further states that it calculates the unrecovered retainage percentage by: (1) determining the CUG and LAUF quantities for 2013; (2) subtracting the retainage quantities actually retained during that period; and (3) allocating the resulting difference to each zone based on the projected throughput. Columbia Gulf states that its LAUF was under-recovered by 823,666 Dth for 2013. Columbia Gulf states that during the months of October and November 2013, it experienced high LAUF bringing its total 2013 LAUF

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<sup>6</sup> *Id.* PP 11-13.

to 1.5 Bcf. Columbia Gulf further explains that due to high LAUF for October and November 2013, it conducted an investigation of its mainline and offshore measurement stations, but did not discover the cause for the increase. Columbia Gulf believes that the increase is an anomaly and therefore proposes a forecasted LAUF projection of 1,200,000 Dth. Based upon these calculations, Columbia Gulf proposes for its Market Zone a forward haul retainage rate for the mainline component of 1.156 percent, which is a decrease from its currently-effective rate of 1.300 percent; a forward haul retainage rate for the onshore component of the mainline of 0.240 percent, which is an increase from the currently-effective rate of 0.128 percent; and a backhaul retainage rate for the mainline component of 0.367 percent, which is an increase from the currently-effective rate of 0.164 percent. In addition, Columbia Gulf's February 28, 2014 TRA filing includes a separate accounting for volumes retained pursuant to a negotiated agreement with CenterPoint.

9. In its February 28, 2014 TRA filing, Columbia Gulf also provides an update to the report it filed on July 26, 2013. With respect to its review of its measurement processes, Columbia Gulf states that it has identified important areas where Columbia Gulf has the opportunity to improve overall measurement accuracy, providing potential benefits in terms of LAUF reductions. Columbia Gulf states that many of the process improvements that are designed to enhance measurement accuracy will also lead to a reduction in prior period adjustments. Columbia Gulf also states that active LAUF management is a fundamental change that will enable ongoing improvements. Columbia Gulf further states that it will update its customers on the progress of its investigation by holding a meeting no later than September 15, 2014. Columbia Gulf also commits to filing another report with the Commission updating its findings no later than October 15, 2014.

10. Public notice of the February 28, 2014 TRA filing in Docket No. RP14-550-000 was issued on February 28, 2014. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>7</sup> Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>8</sup> all timely-filed motions to intervene and any unopposed motions to intervene out-of-time before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. The City of Charlottesville, Virginia and the City of Richmond, Virginia (Cities) filed comments. On March 18, 2014, Columbia Gulf filed an answer to the Cities comments. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure,<sup>9</sup> answers to protests are prohibited unless otherwise ordered by the decisional authority. We will accept Columbia Gulf's

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<sup>7</sup> 18 C.F.R. § 154.210 (2013).

<sup>8</sup> 18 C.F.R. § 385.214 (2013).

<sup>9</sup> 18 C.F.R. § 385.213(a)(2) (2013)

answer because it provides information that will assist us in our decision-making process.

11. Given the persistently high level of LAUF on Columbia Gulf's system, Cities submit that further Commission oversight and scrutiny is required. Cities request that the Commission require Columbia to submit another LAUF report. Cities further requests that the Commission establish the same type of comment procedures after the report is filed as it did for the March 1, 2013 TRA filing, so that customers and interested parties may present their views with respect to the LAUF report.

12. In its answer, Columbia Gulf acknowledges the concerns of the 2013 levels of LAUF and states that it is devoting considerable resources to improving system LAUF. Columbia Gulf states that it is committed to active LAUF management and improvement of its measurement processes and that the LAUF team is focused on streamlining a standard process for handling LAUF, thereby establishing accountability and transparency across all of the Columbia Gulf system. In addition, Columbia Gulf reiterates its commitment to meet with shippers no later than September 15, 2014 to update them on the progress of its LAUF investigation and to file a report with the Commission no later than October 15, 2014 detailing the results of its continued investigation.

13. With respect to the April 17, 2013 compliance filing and the July 26, 2013 report, we find that Columbia Gulf satisfactorily complied with the requirements of the 2013 Order. Further, no party filed comments on the compliance filing or the report. Accordingly, we will lift the suspension and remove the refund condition on the tariff record in the March 1, 2013 TRA filing.

14. With respect to its February 28, 2014 TRA filing, Columbia Gulf's method for calculating its 2013 TRA filing is generally consistent with the methodology set forth in GT&C section 32. However, despite Columbia Gulf's investigations and efforts to reduce the level of LAUF on its system, it is still experiencing problems with LAUF, such as the unexplained high levels of LAUF for October and November 2013. Because we have not seen significant improvement in LAUF, we will require Columbia Gulf to meet with its customers no later than September 15, 2014 to update them on the progress of its LAUF investigation and to file a report with the Commission no later than October 15, 2014, as proposed, detailing the results of its continued investigation. The Commission will notice this report and permit parties to comment on it before further action. Accordingly, the Commission accepts and suspends the proposed tariff record in Docket No. RP14-550-000 to be effective April 1, 2014, subject to refund, conditions, and further review.

15. Based upon a review of the filing, the Commission finds that the proposed tariff record in Docket No. RP14-550-000 has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful.

Accordingly, the Commission accepts the tariff record for filing, subject to refund, and suspends its effectiveness for the period set forth below, subject to the conditions set forth in this order.

16. The Commission's policy regarding rate suspensions is that rate filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards.<sup>10</sup> It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.<sup>11</sup> The Commission finds that such circumstances exist. Therefore, the Commission will accept and suspend the proposed tariff record to be effective April 1, 2014, subject to refund, conditions of this order, and further review.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>10</sup> See *Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

<sup>11</sup> See *Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (minimum suspension).